

Registered number: 08028388

NETWORK SPACE HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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NETWORK SPACE HOLDINGS LIMITED

COMPANY INFORMATION

Directors

R Ainscough
D Adamson
S Barnes
N Jones
M Mellor

Registered number

08028388

Registered office

Centrix House
Crow Lane East
Newton Le Willows
Merseyside
WA12 9UY

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Royal Liver Building
Liverpool
L3 1PS

NETWORK SPACE HOLDINGS LIMITED

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NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

Objective

Network Space's objective remains to create "Better places for business". This is achieved by specialising in the provision of exceptional commercial property for local, national and international organisations. Network Space Holdings Limited is the group parent of four autonomous business operations undertaking Investment, Development, Management and Capital funding activities, predominantly in the industrial property sector.

Strategy

The board of directors recognise their responsibilities in developing and delivering a robust and effective strategy in order to deliver the stated objective of the group.

The political and economic uncertainty arising as a result of Brexit, coupled with the impact of the Covid-19 pandemic requires that strategy is reviewed and reassessed frequently, the board meet regularly with Strategy being a permanent item on the agenda.

After the initial shock of the first lockdown, occupier and investment demand for industrial property sector has been relatively robust through the pandemic. The accelerated growth in e-commerce has led to sustained high level of enquiries for available property, resulting in an increase in rental values. Consequently, investor sentiment toward industrial property has improved, leading to a hardening of yields in the sector.

The board continue to pursue a group corporate strategy of value creation and continuous improvement through:

- selective value-add investment in industrial property, for both proprietary and partner portfolios
- pre-let and speculative new build and refurbished development of best-in-class industrial property
- proactive, sector-leading asset and estate management of both proprietary and partner portfolios supported by cutting edge IT systems.

As a foundation for dynamic and effective strategic governance, the board have recognised the importance of a clearly defined Vision, Mission and Values which have been developed in consultation with the wider workforce.

Vision

To provide the best and most complete solution for industrial workspace

Mission

The purpose of our business:

1. We generate sustainable long-term value
2. We create and maintain industrial property that is fit for the future
3. We develop firm and enduring business relationships
4. We deliver bespoke and comprehensive solutions

NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Strategy (continued)

Values

Our beliefs and our standards of conduct:

1. Aspiration: Try to be the best. Do not be afraid to think big.
2. Innovation: Test the status quo in all that we do, look for a better way.
3. Collaboration: Work together – with our colleagues, our customers, our partners and our community.
4. Agility: *Respond quickly and thoughtfully.*
5. Proactivity: Think ahead, see opportunity. Propose solutions.
6. Integrity: Be honest, ethical and fair.
7. Dedication: A commitment to delivery and a clear sense of purpose.
8. Approachability: Be accessible and be prepared to listen.

Business Model

The board of Network Space Holdings is comprised of the Group Managing Director (MD), Group Financial Director (FD) and subsidiary MD's. This ensures that the operating subsidiaries collaborate and adhere to the Group's strategy, objective, vision, mission and values. Beyond this each subsidiary is responsible for implementing their own individual strategy that is complementary to that of the group. Each subsidiary holds its own monthly board meeting where business strategy is regularly reviewed and for which a full suite of financial and operational board reports are produced.

Matters of strategic importance

Since the reported financial year-end there has been a significant increase in both cost and lead times of building materials. The impact of this has been partially mitigated by continued strengthening of industrial values. The board have also found other ways to mitigate the increasing costs and timescales so that any negative impact on profitability is minimised. We do not anticipate any projects to become loss making as a result of supply chain issues.

Both development and investment acquisitions during the financial year have included urban refurbishment projects, notably the former Cartwright Group manufacturing site in Altrincham, the former Halewood International distillery and distribution centre in Liverpool and Newfield Industrial Estate in Stoke-on-Trent. Refurbishment projects enable the recycling and repurposing of the fabric of the existing land and buildings, which not only reduces exposure to building material costs and delays but is also supportive of the groups longer-term sustainability agenda.

We continue to develop and strengthen relationships with third-party funds and platforms, notably Infrared Capital Partners, TPG (4th Industrial) and Blackstone (Mileway).

NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

Analysis of performance and position**Financial**

At the year-end balance sheet date of 30th June 2021, the consolidated profit and loss account reports a profit before tax of £22.9m (2020: £19.1m). The table below show how this has been achieved:

| | £m |
|--|--------------|
| Retained portfolio income returns | 3.4 |
| Profits on the sale of investment property | 0.5 |
| Increases in the value of retained investment property | 14.5 |
| Profits on development activity | 2.7 |
| Management Fees and Other income | <u>6.9</u> |
| | 28 |
| Overheads and interest | <u>(5.1)</u> |
| Profit Before Tax | <u>22.9</u> |

The consolidated balance sheet shows an investment portfolio valued at £75.3m, development land stock of £43.6m and cash at bank and in hand of £5.5m. £24.8m was drawn on the investment RCF and development loans stood at £Nil, equating to a group wide ratio of 21% for loans as a percentage of total land and property assets. This is in keeping with the group's prudent approach to financing and is considered to be a very strong platform from which to continue the group's growth and success.

The cash position has increased by a net £1.96m during the year.

Commercial

The entire reported financial year has been subject to some form of pandemic related restriction, with staff largely working from home. Since the beginning of the pandemic the board have met on a weekly basis to discuss operational and administrative matters to ensure prompt organisational response to the fast-changing circumstances.

New developments completed and/or sold in the year include Mere Grange, St Helens 162,000 sq ft; Tunstall Arrow South, Stoke-on-Trent 127,000 sq ft; Ashroyd Business Park Ph 1, Barnsley 110,000 sq ft and Raven Locks, Salford 172,000 sq ft.

Developments with planning or that were on site at year-end include Glass Futures, St Helens 101,000 sq ft; Tunstall Arrow North, Stoke-on-Trent 110,000 sq ft; Woodhouse Link, Sheffield 117,000 sq ft; Triumph Business Park, Liverpool 138,000 sq ft and Brookfield Business Park, Liverpool 72,000 sq ft.

New investment acquisitions totalling over £10M, including Newfield Industrial Estate, Stoke-on-Trent and Unit 6, Hellaby Business Park, Rotherham were completed during the financial year.

Assets under management totalled £374 million, across 5.23 million sq ft, collecting rents of £17.1M p.a. During the financial year we are proud to have averaged a full rent collection rate of over 97% across all portfolios.

Trends and factors

The industrial property sector as a whole has strengthened during the reported financial year in which the impact of Covid-19 and continued Brexit uncertainty took their toll.

NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Key performance indicators (KPIs)

The board focusses on performance that will result in growth of net asset value of both the group and the individual subsidiary business operations. To support this, several KPIs are used across the business units.

Capital transactions, whether investment or development in nature, are appraised and monitored through IRR analysis and cash-flows, with allowances made for the associated risk. Income returns are monitored every month against financial budgets, as are commercial KPIs such as void rates, net portfolio yields, weighted unexpired lease terms (WAULT) and average net effective rent (ANER).

Principal risks and uncertainties

Materials supply risk

The supply of building materials within budget and expected timescales has become a material risk towards the end of the financial year. Cost increases and delays have been mitigated by the continued strengthening of industrial values, the board have also found other ways to mitigate this risk so that any negative impact on profitability is minimised.

Planning risk

The pandemic has applied further pressure to an already vulnerable planning system, statutory response times are now routinely exceeded even for non-contentious applications and pre-application enquiries are no longer entertained. In consequence, constructions starts and completions are being stalled which in turn delay the creation of jobs and business activity that should be helping economic recovery post-pandemic. The board have sought to mitigate this risk in a number of ways so that such delays can be minimised.

Credit risk

Credit risk is managed by a detailed credit assessment of every tenancy application, overseen by the Group Finance Director. The credit rating and key appointments of the top tenancies by value are actively monitored and form part of the management accounts reporting. Trade debts are closely monitored and regular meetings are held to agree recovery strategies.

For development projects, both contractors and clients of development management contracts or pre-let/pre-sale agreements are also subject to detailed credit assessments. Appropriate cashflow protections are sought if considered necessary.

Revenue risk

Revenue is principally made up of rental income, management fees and development asset sales. Directors actively monitor and report movement in rental values and associated yields, with budgets for quoting terms adjusted accordingly.

NETWORK SPACE HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Principal risks and uncertainties (continued)

Political, Economic, Sociological, Technological, Legal and Environmental risk

As part of regularly revisiting the strategic process, the directors monitor external risks by use of a PESTLE analysis. By the nature of the industry, external risk has a bearing on market sentiment, from both an investor and occupier perspective. The board ensures that current and future possible risks are considered when committing to significant capital transactions, whether for development or investment purposes.

Interest rates risk

The group is prudent with regard to debt financing and does not typically allow the LTV of investment property loans to increase above 50%. Debt is only obtained on development schemes when there is confidence that it will enhance IRR or when project risk has been mitigated, e.g. by forward sale or pre-let. The Directors use a number of analyses to ensure income returns continue to exceed borrowing costs.

Long-term business forecasts regularly test resilience to an increase in interest rates. The group interest cover significantly exceeds that required by the bank loan facility. In order to provide certainty against volatility an interest rate swap against debt of £20 million was entered in to during the year.

Valuation risk

The investment portfolio is regularly valued, as instructed by either Directors or HSBC UK Bank plc. The valuation policy is to adopt JLL's valuations as they are conducted (whether instructed by the bank or not). All values are audited.

COVID-19

The COVID-19 pandemic has been prevalent for the entire reported financial year. It has been observed that occupier and investment demand for industrial property has been relatively robust, if not enhanced.

To ensure speed of response to the fast-changing circumstances and consequent restrictions being imposed due to the Covid-19 pandemic the board meet on a weekly basis to discuss operational and administrative matters. The negative impact of Covid-19 has not been as severe to the performance of the group as the board had prepared for, the following key risk areas having been identified with their associated performance noted:

Principal Covid-19 risks

| Risk | Associated performance / mitigation |
|--|--|
| Rent collection | Collection rates averaging in excess of 95% across all portfolios |
| Reduction in enquiries for vacant space | Recovered to comparable levels year on year, after initial shock of lockdown measures |
| Delays to / failure of contracted development agreements or property sales | All continue or have completed as planned |
| Construction contract delays | Minimal delays experienced, none causing consequential damages |
| Decline of real estate investor sentiment | Evident in retail and office sectors, industrial sector has remained robust |
| Collection of management fees from clients | Received in full |
| Staff being able to work effectively from home | IT systems have performed as expected, home office equipment delivered to staff homes as required. |
| Staff engagement and support when working from home | Operating in small teams which meet virtually on a regularly basis; regular online social events |

The board are of the opinion that the group's performance through the pandemic compares very favourably to that of its peers in the sector, and the results for the financial year serve to demonstrate this. Our workforce has remained generally busy through the pandemic, the group has not furloughed any member staff nor made any redundancies and there are no plans to do so in the future.

NETWORK SPACE HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

COVID -19 (continued)

For each operating company in the group, and for the group itself, a detailed and prudent modelling of income and expenditure is regularly undertaken. This ensures that there are sufficient cash and debt reserves immediately available to provide sufficient cover for overheads (with all staff working their usual contracted hours on full pay) and bank loan interest (and in compliance with banking covenants) for a period of at least 12 months.

The group does not maintain a formal policy for dividends; earnings have historically been retained for reinvestment for future growth and this is intended to remain the case. Dividends are only considered when the company board are satisfied that there are sufficient capital and reserves on the balance sheet to make distributions.

The board are of the reasonable expectation that the company will continue to be viable and profitable for the foreseeable future. The board do not consider there to be any transactions or balances in the reported year, or previous, that require restatement as a consequence of the Covid-19 pandemic.

Environmental, employee, social, community and human rights matters

All new development and refurbishment projects, plus all retained investment property, across the group have or will target a BREEAM rating of "Very Good" or "Excellent" and EPC ratings of B or higher.

As at the 30th June 2021 Network Space Holdings employed 18 male and 23 female members of staff. The board of directors was made up of 4 males and 1 female.

Network Space Holdings observes the National Living Wage and ensures that employee pay matches or exceeds it.

During the financial year the group made charitable contributions totalling £291k, through both direct donations, sponsorship and the supporting of fundraising events.

This report was approved by the board and signed on its behalf.

Richard Ainscough

R Ainscough

Director

Date: 30/11/2021

NETWORK SPACE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

Financial performance

The profit for the year, after taxation and minority interests, amounted to £18.5m (2020: £14.4m).

Dividends

The company paid a dividend of £1.25m (2020: £Nil) to shareholders.

Directors

The directors who served during the year were:

R Ainscough
D Adamson
S Barnes
N Jones
M Mellor

Directors' Responsibilities Statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NETWORK SPACE HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors and the directors of associated companies. These provisions were in place throughout the year and remain in force at the date of this report.

Post balance sheet events

Outside of the ordinary course of trading (ie sales of both investment property and new developments), there have been no significant events affecting the group since the year end.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



D Adamson

Director

Date: 30/11/2021



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK SPACE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Network Space Holdings Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2021, which comprise the Consolidated Profit and Loss Account, the Consolidated and company Balance Sheets, the Consolidated and company Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the parent company's financial resources or ability to continue operations over the going concern period.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK SPACE HOLDINGS LIMITED (CONTINUED)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK SPACE HOLDINGS LIMITED
(CONTINUED)**

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK SPACE HOLDINGS LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We determined that the most significant laws and regulations is the Companies Act 2006.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the group engagement team included:
 - Evaluation of the processes and controls established to address the risks related to irregularities and fraud;
 - Making inquiries, in respect of fraud, of those outside the finance team, including key management and the board;
 - Challenging assumptions and judgements made by management in the company's significant accounting estimates;
 - Identifying and testing unusual journal entries; and
 - Identifying and testing related party transactions.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the company operates, and the understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation.
- The engagement team's discussions in respect of potential non-compliance with laws and regulations and fraud included the risk of fraud in revenue recognition
- In assessing the potential risks of material misstatement, we obtained an understating of:
 - The company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement; and
 - The company's control environment including the adequacy of procedures for authorisation of transactions.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK SPACE HOLDINGS LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Carl Williams FCCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
Date: 30/11/2021

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2021**

| | Note | 2021 £000 | 2020 £000 |
|---|-------------|----------------------|----------------------|
| Turnover | | 21,097 | 35,501 |
| Expenses | | (15,899) | (19,495) |
| Exceptional items | 13 | 344 | 12 |
| Other operating income | | 1,073 | - |
| Profit on disposal of tangible fixed assets | | 1,026 | (29) |
| Revaluation of investment property | 17 | 15,160 | 3,510 |
| Operating profit | 5 | 22,801 | 19,499 |
| Interest receivable and similar income | 9 | 679 | 514 |
| Interest payable and expenses | 10 | (621) | (900) |
| Profit before taxation | | 22,859 | 19,113 |
| Tax on profit | 11 | (3,897) | (4,011) |
| Profit for the financial year | | 18,962 | 15,102 |
| Profit for the year attributable to: | | | |
| Non-controlling interests | | 490 | 659 |
| Owners of the parent company | | 18,472 | 14,443 |
| | | 18,962 | 15,102 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2021 or 2020 other than those included in the Consolidated Profit and Loss account.

There was no other comprehensive income for 2021 (2020: £Nil).

The notes on pages 22 to 48 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED
REGISTERED NUMBER:08028388

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2021

| | Note | 2021 £000 | 2020 £000 |
|---|------|----------------------|----------------------|
| Fixed assets | | | |
| Intangible assets | 14 | 107 | 119 |
| Tangible assets | 15 | 66 | 85 |
| Investments | 16 | 515 | - |
| Investment property | 17 | 75,266 | 93,554 |
| | | <u>75,954</u> | <u>93,758</u> |
| Current assets | | | |
| Stocks | 18 | 43,582 | 8,858 |
| Debtors: amounts falling due after more than one year | 19 | 1,398 | - |
| Debtors: amounts falling due within one year | 19 | 12,695 | 13,019 |
| Cash at bank and in hand | 20 | 5,501 | 3,543 |
| | | <u>63,176</u> | <u>25,420</u> |
| Creditors: amounts falling due within one year | 21 | (12,641) | (15,962) |
| Net current assets | | <u>50,535</u> | <u>9,458</u> |
| Total assets less current liabilities | | <u>126,489</u> | <u>103,216</u> |
| Creditors: amounts falling due after more than one year | 22 | (24,800) | (21,000) |
| Provisions for liabilities | | | |
| Deferred taxation | 24 | (5,303) | (3,459) |
| | | <u>(5,303)</u> | <u>(3,459)</u> |
| Net assets | | <u><u>96,386</u></u> | <u><u>78,757</u></u> |

NETWORK SPACE HOLDINGS LIMITED
REGISTERED NUMBER:08028388

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2021

| | Note | 2021 £000 | 2020 £000 |
|--|------|---------------|---------------|
| Capital and reserves | | | |
| Called up share capital | 25 | 47 | 47 |
| Share premium account | 26 | 180 | 180 |
| Capital redemption reserve | 26 | 5 | 5 |
| Investment property revaluation reserve | 26 | 26,299 | 19,689 |
| Profit and loss account | 26 | 67,931 | 57,397 |
| Equity attributable to owners of the parent company | | 94,462 | 77,318 |
| Non-controlling interests | | 1,924 | 1,439 |
| | | 96,386 | 78,757 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



D Adamson
Director

Date: 30/11/2021

The notes on pages 22 to 48 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED
REGISTERED NUMBER:08028388

COMPANY BALANCE SHEET
AS AT 30 JUNE 2021

| | Note | 2021 £000 | 2020 £000 |
|--|------|----------------------|----------------------|
| Fixed assets | | | |
| Intangible assets | 14 | 66 | 43 |
| Tangible assets | 15 | 54 | 66 |
| Investments | 16 | 29,227 | 28,712 |
| | | <u>29,347</u> | <u>28,821</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 19 | 30,485 | 25,087 |
| Cash at bank and in hand | 20 | 1,050 | 1,396 |
| | | <u>31,535</u> | <u>26,483</u> |
| Creditors: amounts falling due within one year | 21 | (7,180) | (806) |
| Net current assets | | <u>24,355</u> | <u>25,677</u> |
| Total assets less current liabilities | | <u>53,702</u> | <u>54,498</u> |
| Provisions for liabilities | | | |
| Deferred taxation | 24 | (4) | (7) |
| | | <u>(4)</u> | <u>(7)</u> |
| Net assets | | <u><u>53,698</u></u> | <u><u>54,491</u></u> |
| Capital and reserves | | | |
| Called up share capital | 25 | 47 | 47 |
| Capital redemption reserve | 26 | 5 | 5 |
| Profit and loss account | 26 | 53,646 | 54,439 |
| | | <u>53,698</u> | <u>54,491</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D Adamson
D Adamson
 Director
 Date: 30/11/2021

The notes on pages 22 to 48 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

| | Called up share capital £000 | Share premium account £000 | Capital redemption reserve £000 | Revaluation reserve £000 | Profit and loss account £000 | Equity attributable to owners of parent company £000 | Non- controlling interests £000 | Total equity £000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|---------------------------------------|---|--|----------------------|
| At 1 July 2020 | 47 | 180 | 5 | 19,689 | 57,397 | 77,318 | 1,439 | 78,757 |
| Comprehensive income for the year | | | | | | | | |
| Profit for the year | - | - | - | - | 18,472 | 18,472 | 490 | 18,962 |
| Total comprehensive income for the year | | | | | | | | |
| Dividends | - | - | - | - | 18,472 | 18,472 | 490 | 18,962 |
| Transfer to/from profit and loss account | - | - | - | - | (1,250) | (1,250) | - | (1,250) |
| Property revaluations | - | - | - | - | (83) | (83) | - | (83) |
| Non-controlling interest | - | - | - | 6,594 | (6,594) | - | - | - |
| | - | - | - | 16 | (11) | 5 | (5) | - |
| Total transactions with owners | | | | | | | | |
| | - | - | - | 6,610 | (7,938) | (1,328) | (5) | (1,333) |
| At 30 June 2021 | 47 | 180 | 5 | 26,299 | 67,931 | 94,462 | 1,924 | 96,386 |

The notes on pages 22 to 48 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

| | Called up share capital £000 | Share premium account £000 | Capital redemption reserve £000 | Revaluation reserve £000 | Profit and loss account £000 | Equity attributable to owners of parent company £000 | Non- controlling interests £000 | Total equity £000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|---------------------------------------|---|--|----------------------|
| At 1 July 2019 | 47 | - | 5 | 16,680 | 46,734 | 63,466 | - | 63,466 |
| Comprehensive income for the year | | | | | | | | |
| Profit for the year | - | - | - | - | 14,443 | 14,443 | 659 | 15,102 |
| Total comprehensive income for the year | | | | | 14,443 | 14,443 | 659 | 15,102 |
| Shares issued during the year | - | 189 | - | - | - | 189 | - | 189 |
| Property revaluations | - | - | - | 3,365 | (3,365) | - | - | - |
| Non-controlling interest | - | (9) | - | (356) | (415) | (780) | 780 | - |
| Total transactions with owners | | 180 | - | 3,009 | (3,780) | (591) | 780 | 189 |
| At 30 June 2020 | 47 | 180 | 5 | 19,689 | 57,397 | 77,318 | 1,439 | 78,757 |

The notes on pages 22 to 48 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

| | Called up share capital £000 | Capital redemption reserve £000 | Profit and loss account £000 | Total equity £000 |
|---|---------------------------------------|--|---------------------------------------|----------------------|
| At 1 July 2020 | 47 | 5 | 54,439 | 54,491 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 457 | 457 |
| | <u>-</u> | <u>-</u> | <u>457</u> | <u>457</u> |
| Total comprehensive income for the year | | | | |
| | - | - | 457 | 457 |
| Contributions by and distributions to owners | | | | |
| Dividends | - | - | (1,250) | (1,250) |
| | <u>-</u> | <u>-</u> | <u>(1,250)</u> | <u>(1,250)</u> |
| Total transactions with owners | | | | |
| | - | - | (1,250) | (1,250) |
| | <u>-</u> | <u>-</u> | <u>(1,250)</u> | <u>(1,250)</u> |
| At 30 June 2021 | <u>47</u> | <u>5</u> | <u>53,646</u> | <u>53,698</u> |

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

| | Called up share capital £000 | Capital redemption reserve £000 | Profit and loss account £000 | Total equity £000 |
|--|---------------------------------------|--|---------------------------------------|----------------------|
| At 1 July 2019 | 47 | 5 | 42,206 | 42,258 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 12,233 | 12,233 |
| | <u>-</u> | <u>-</u> | <u>12,233</u> | <u>12,233</u> |
| Total comprehensive income for the year | | | | |
| | - | - | 12,233 | 12,233 |
| | <u>-</u> | <u>-</u> | <u>12,233</u> | <u>12,233</u> |
| At 30 June 2020 | <u>47</u> | <u>5</u> | <u>54,439</u> | <u>54,491</u> |

The notes on pages 22 to 48 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2021**

| | At 1 July 2020 £000 | Cash flows £000 | At 30 June 2021 £000 |
|--------------------------|---------------------------|--------------------|----------------------------|
| Cash at bank and in hand | 3,543 | 1,958 | 5,501 |
| Debt due after 1 year | (21,000) | (3,800) | (24,800) |
| | <u>(17,457)</u> | <u>(1,842)</u> | <u>(19,299)</u> |

The notes on pages 22 to 48 form part of these financial statements.

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. General information

Network Space Holdings Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Centrix House, Crow Lane East, Newton Le Willows, St Helens, Merseyside, WA12 9UY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional and presentational currency is pound sterling (£). All amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss account in these financial statements.

The parent and group have taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

- the requirements of Section 7 to present a statement of cash flows
- the requirements of Section 33 to present related party disclosures;
- financial instrument disclosures including:
 - categories of financial instruments
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to management of financial risks

The information is included in the consolidated financial statements of Datum Edge Limited as at 30 June 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The following principal accounting policies have been applied:

NETWORK SPACE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 30 June 2014.

2.3 Going concern

The directors have produced forecasts and business models for the group covering the period to June 2024. These forecasts identify that the group can meet its day to day working capital requirements through current cash resources and availability of group funding.

Management produce quarterly business plans for each operating company, and at a wider group level, to take account of current and forecast trading conditions. In light of the ongoing economic uncertainty caused by the Covid-19 pandemic, the Board continue to closely scrutinise the plans and test the robustness of assumptions made, including stress-testing scenarios for significant reductions in rental income, management fees and development turnover. At the time of signing the financial statements, no such reductions have materialised.

The directors confirm that adequate financial support is available should it be required and confirm that no company within the group will recall any amounts due from another group company unless the company owing any amounts are in a position to do so. The main Group Board continues to meet at frequent, regular intervals, which in addition to regular Board cycles, ensure that adequate resource, skill and financial support is afforded to each area of the business in a timely manner.

At the time of signing the financial statements, the group had seen negligible impact on the operations of any of its businesses, with cash generation remaining strong, and the industrial property sector remaining buoyant. The directors are therefore satisfied that the regular processes employed to monitor business operations continue to confirm that adoption of the going concern assumption is correct.

2.4 Revenue

Rental income is recognised on a straight-line basis over the course of the period of the lease. Any differences between the cash receipts and straight line recognition are deferred/accrued as appropriate.

Other income is recognised at the point which the economic benefits flow to the company and the revenue can be reliably measured.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)**2.5 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss account in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery, fixtures and fittings etc. - 4 - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Profit and Loss account.

Fair values are determined from market based evidence. Professionally qualified external valuers are engaged to value a portion of the property portfolio each year. All properties receive a valuation externally at least once every 3 years.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Investments in unlisted group shares, whose market value can be reliably determined, are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.15 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Profit and Loss account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.16 Stocks

Stocks comprise land held for developments and developments under construction and are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)**2.20 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.21 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy set out for stock in note 2. Initial capitalisation is based on management's judgement that technical and economic feasibility is confirmed through the use of established project management models. In determining the ongoing amounts to be capitalised, management make assumptions regarding the expected future cash generation of the asset and the expected period of benefits.

Revaluation of investment properties

The group carries its investment property at fair value, with changes in fair value being recorded in the profit and loss account. The properties have been valued by the directors as at 30 June 2021. Valuations are sensitive to estimated yields and occupancy rates, as well as current market conditions (see note 17).

Recoverability and impairment of non-financial assets

Where there are indicators of impairment of individual assets, the group performs impairment tests based on fair value less costs to sell or a value in use calculation. Recoverable amounts are sensitive to the discount rates used in a discounted cash flow model, and to the estimates of future cash flows and growth rates used to extrapolate values. Any impairment losses recognised will only be reversed in a subsequent period if the reasons for the impairment loss have ceased to apply.

Taxation

The group establishes tax provisions based on reasonable estimates. The amount of such provisions is based on various factors, such as experience with previous tax audits and interpretations of tax regulations. Management estimation is required to determine the amount of deferred tax assets or liabilities to be recognised, based upon the likely future timing and level of taxable profits, together with an assessment of the effect of future tax planning strategies.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

4. Turnover

Turnover represents the rental income receivable in the year, amounts derived from the provision of site services to customers during the year and proceeds from the sale of trading developments (excluding *value added tax*). *Rental incentives are spread over the life of the related lease. Sales of investment properties are recorded in Profit on sale of investment.*

| | 2021 £000 | 2020 £000 |
|-------------------------------|---------------|---------------|
| Sale of trading developments | 3,114 | 16,719 |
| Investment property rentals | 4,475 | 4,951 |
| Development management fee | 10,319 | 12,833 |
| Management of real estate fee | 3,189 | 998 |
| | <u>21,097</u> | <u>35,501</u> |

All turnover is derived from UK operations and is recognised when the services are delivered.

5. Operating profit

The operating profit is stated after charging:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Amortisation of intangible assets, including goodwill | 56 | 35 |
| Depreciation of tangible fixed assets | 39 | 35 |
| Profit on sale of fixed assets | 1,026 | (29) |
| | <u>1,121</u> | <u>69</u> |

6. Auditor's remuneration

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements | 17 | 16 |
| | <u>17</u> | <u>16</u> |

Fees payable to the Group's auditor and its associates in respect of:

| | | |
|--|-----------|-----------|
| Audit of financial statements of subsidiaries of the company | 61 | 57 |
| Taxation compliance services | 24 | 13 |
| Other services relating to taxation | 10 | - |
| | <u>95</u> | <u>70</u> |

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | Group and Company 2021 £000 | <i>Group and Company 2020 £000</i> |
|-------------------------------------|--|--|
| Wages and salaries | 2,948 | 2,878 |
| Social security costs | 301 | 312 |
| Cost of defined contribution scheme | 82 | 85 |
| | <u>3,331</u> | <u>3,275</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2021 No. | <i>2020 No.</i> |
|----------------|---------------------|---------------------|
| Administration | 32 | 31 |
| Management | 7 | 6 |
| | <u>39</u> | <u>37</u> |

All employees were employed and remunerated by the company.

8. Directors' remuneration

| | 2021 £000 | <i>2020 £000</i> |
|-----------------------|----------------------|----------------------|
| Directors' emoluments | 1,725 | 1,488 |
| Pension cost | 32 | 31 |
| | <u>1,757</u> | <u>1,519</u> |

The aggregate of emoluments of the highest paid director was £625,348 (2020: £667,587) and company pension contributions of £9,996 (2020: £8,288) were made to a money purchase scheme on their behalf.

During the year retirement benefits accrued to four (2020: four) directors under a money purchase pension scheme.

For details on directors share based payments please see note 27.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

9. Interest receivable

| | 2021 | <i>2020</i> |
|------------------------------------|-------------|-------------|
| | £000 | <i>£000</i> |
| Bank and other interest receivable | 679 | <i>512</i> |
| Interest receivable from HMRC | - | <i>2</i> |
| | 679 | <i>514</i> |

10. Interest payable and similar expenses

| | 2021 | <i>2020</i> |
|-------------------------------|-------------|-------------|
| | £000 | <i>£000</i> |
| Bank interest payable | 582 | <i>586</i> |
| Loans from group undertakings | 3 | <i>314</i> |
| Other loan interest payable | 36 | <i>-</i> |
| | 621 | <i>900</i> |

11. Taxation

| | 2021 | <i>2020</i> |
|--|--------------|--------------|
| | £000 | <i>£000</i> |
| Corporation tax | | |
| Current tax on profits for the year | 2,053 | <i>3,254</i> |
| Adjustments in respect of previous periods | - | <i>23</i> |
| Total current tax | 2,053 | <i>3,277</i> |
| Deferred tax | | |
| Origination and reversal of timing differences | 1,092 | <i>734</i> |
| Effect of tax rate change on opening balance | 752 | <i>-</i> |
| Total deferred tax | 1,844 | <i>734</i> |
| Taxation on profit on ordinary activities | 3,897 | <i>4,011</i> |

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 22,859 | 19,111 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | 4,343 | 3,631 |
| Effects of: | | |
| Non-deductible expenses | 49 | 35 |
| Fixed asset timing differences | (1,335) | 4 |
| Income not taxable for tax purposes | (2,841) | (596) |
| Current tax - adjustment in respect of prior years | - | 23 |
| Deferred tax - adjustment in respect of prior years | (12) | - |
| Land remediation increased deduction - trade | - | (30) |
| Chargeable gains/(losses) | 2,907 | 944 |
| Deferred tax not recognised | (410) | - |
| Closing deferred tax gross timing differences | 1,151 | - |
| Other differences | 45 | - |
| Total tax charge for the year | 3,897 | 4,011 |

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% has been substantively enacted at the balance sheet date, its effects are included in the deferred tax provision.

12. Dividends

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Dividends paid £26.60 per ordinary share (2020: £Nil per ordinary share) | 1,250 | - |

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

13. Exceptional items

| | 2021 £000 | 2020 £000 |
|-------------------|----------------------|----------------------|
| Exceptional items | 344 | 12 |

Following the disposal of a fixed asset investment in the year ended 30 June 2019, the group received a further payment of £344k in the year.

14. Intangible assets

Group and Company

| | Software £000 |
|-------------------------------------|--------------------------|
| Cost | |
| At 1 July 2020 | 190 |
| Additions | 42 |
| At 30 June 2021 | 232 |
| Amortisation | |
| At 1 July 2020 | 69 |
| Charge for the year on owned assets | 56 |
| At 30 June 2021 | 125 |
| Net book value | |
| At 30 June 2021 | 107 |
| At 30 June 2020 | 121 |

Amortisation on intangible assets is charged to admin expenses.

Additions during the year are in respect of costs associated with software.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

15. Tangible fixed assets

Group

| | Plant and machinery £000 |
|-------------------------------------|---|
| Cost or valuation | |
| At 1 July 2020 | 222 |
| Additions | 20 |
| Disposals | (39) |
| At 30 June 2021 | <u>203</u> |
| Depreciation | |
| At 1 July 2020 | 137 |
| Charge for the year on owned assets | 39 |
| Disposals | (39) |
| At 30 June 2021 | <u>137</u> |
| Net book value | |
| At 30 June 2021 | <u><u>66</u></u> |
| At 30 June 2020 | <u><u>85</u></u> |

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

15. Tangible fixed assets (continued)

Company

| | Plant, machinery & fixtures & fittings £000 |
|-------------------------------------|--|
| Cost or valuation | |
| At 1 July 2020 | 131 |
| Additions | 18 |
| At 30 June 2021 | <u>149</u> |
| Depreciation | |
| At 1 July 2020 | 65 |
| Charge for the year on owned assets | 30 |
| At 30 June 2021 | <u>95</u> |
| Net book value | |
| At 30 June 2021 | <u><u>54</u></u> |
| At 30 June 2020 | <u><u>66</u></u> |

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

16. Fixed asset investments

Group

| | Investments £000 |
|--------------------------|-----------------------------|
| Cost or valuation | |
| Additions | 496 |
| Revaluation | 19 |
| At 30 June 2021 | <u>515</u> |
| Net book value | |
| At 30 June 2021 | <u><u>515</u></u> |
| At 30 June 2020 | <u><u>-</u></u> |

During the year, an investment was made into listed shares which has been fair valued at the reporting date.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

16. Fixed asset investments (continued)

Company

| | Investments in subsidiary companies £000 |
|----------------------------|---|
| Cost or valuation | |
| At 1 July 2020 | 28,712 |
| Additions | 496 |
| Revaluation | 19 |
| At 30 June 2021 | <u>29,227</u> |
| Net book value | |
| At 30 June 2021 | <u><u>29,227</u></u> |
| <i>At 30 June 2020</i> | <u><u>28,712</u></u> |

During the year, an investment was made into listed shares which has been fair valued at the reporting date.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

16. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|---|--|-------------------------------------|------------------------|----------------|
| Network Space Investments Limited | Centrix House, Crow Lane East, Newton-Le-Willows, Merseyside, WA12 9UY | Property Investment | Ordinary | 100% |
| Network Space (Networkcentres) Limited | Centrix House, Crow Lane East, Newton-Le-Willows, Merseyside, WA12 9UY | Property Investment | Ordinary | 100% |
| Network Space Land Limited | Centrix House Crow Lane East, Newton Le Willows, St Helens, Merseyside, WA12 9UY | Property Investment and Development | Ordinary | 100% |
| NS Festival Gardens Limited | Centrix House, Crow Lane East, Newton Le Willows, WA12 9UY | Property Development | Ordinary | 100% |
| NSM Property & Asset Management Limited | Centrix House, Crow Lane East, Newton Le Willows St Helens, Merseyside, WA12 9UY | Property Management | Ordinary | 95% |
| Network Space Projects Limited | Centrix House Crow Lane East, Newton Le Willows, St Helens, Merseyside, WA12 9UY | Property Development | Ordinary | 100% |
| Network Space Capital Limited | Centrix House, Crow Lane, Newton Le Willows, Merseyside, England, WA12 9UY | Property Development | Ordinary | 100% |
| St Helens Stadium Limited | Centrix House, 26 Crow Lane East, Newton-Le-Willows, WA12 9UY | Property Management | Ordinary | 100% |
| Network Space Developments Limited | Centrix House Crow Lane East, Newton Le Willows, St Helens, Merseyside, United Kingdom, WA12 9UY | Property Development | Ordinary | 95% |
| NSD Huyton Limited | Centrix House Crow Lane East, Newton Le Willows, St Helens, Merseyside, United Kingdom, WA12 9UY | Property Development | Ordinary | 100% |
| NSD Altrincham Limited | Centrix House Crow Lane East, Newton Le Willows, St Helens, Merseyside, United Kingdom, WA12 9UY | Property Development | Ordinary | 100% |

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

16. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

| Name | Registered office | Principal activity | Class of shares | Holding |
|-----------------------------------|--|---------------------------|------------------------|----------------|
| NS (PDMS) Limited | Centrix House Crow Lane East, Newton Le Willows, St Helens, Merseyside, United Kingdom, WA12 9UY | Dormant | Ordinary | 100% |
| NS Midwest Nominees Limited | Centrix House Crow Lane East, Newton Le Willows, St Helens, Merseyside, United Kingdom, WA12 9UY | Dormant | Ordinary | 100% |
| NS Investments North East Limited | Centrix House, Crow Lane East, Newton Le Willows, WA12 9UY | Dormant | Ordinary | 100% |
| Network Space NE Limited | Centrix House, Crow Lane East, Newton Le Willows, WA12 9UY | Dormant | Ordinary | 100% |
| NS Managed Services Limited | Centrix House Crow Lane East, Newton Le Willows, St Helens, Merseyside, WA12 9UY | Dormant | Ordinary | 100% |
| NS Shelfco 1 Limited | Centrix House, Crow Lane East, Newton Le Willows, St Helens, WA12 9UY | Dormant | Ordinary | 50% |
| NS Shelfco 2 Limited | Centrix House, Crow Lane East, Newton Le Willows, St Helens, WA12 9UY | Dormant | Ordinary | 100% |
| NS Shelfco 3 Limited | Centrix House, Crow Lane East, Newton Le Willows, St Helens, WA12 9UY | Dormant | Ordinary | 100% |
| NS North East Nominees Limited | Centrix House, Crow Lane East, Newton Le Willows, WA12 9UY | Dormant | Ordinary | 100% |

NS Midwest Nominees Limited is a direct subsidiary of NSM Property & Asset Management Limited. Network Space NE Limited and NS North East Nominees Limited are direct subsidiaries of NS Investments North East Limited.

Network Space (Networkcentres) Limited, NS Festival Gardens Limited and Network Space Capital Limited are entitled to and have taken advantage from audit available under Section 479A of the Companies Act 2006 related to subsidiary companies.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

17. Investment property**Group**

| | Development property £000 | Investment property £000 | Total £000 |
|---------------------------|--|---|-----------------------|
| Valuation | | | |
| At 1 July 2020 | 13,744 | 79,810 | 93,554 |
| Additions at cost | 21 | 10,424 | 10,445 |
| Disposals | (8,133) | (31,854) | (39,987) |
| Surplus on revaluation | - | 15,160 | 15,160 |
| Reclassification to stock | (3,906) | - | (3,906) |
| At 30 June 2021 | 1,726 | 73,540 | 75,266 |

The historical cost of re-valued investment properties as at 30 June 2021 was £43,862,000 (2020: £71,277,000).

Investment properties have been valued by an independent external valuer. The valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (6th Edition) in June 2021 for all properties.

The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Development property represents properties in the course of development at the year end.

18. Stocks

| | Group 2021 £000 | Group 2020 £000 |
|--|--------------------------------|--------------------------------|
| Land and property held for development | 43,582 | 8,858 |

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

19. Debtors

| | Group 2021 £000 | <i>Group 2020 £000</i> | Company 2021 £000 | <i>Company 2020 £000</i> |
|-------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Due after more than one year | | | | |
| Trade debtors | 1,398 | - | - | - |

| | Group 2021 £000 | <i>Group 2020 £000</i> | Company 2021 £000 | <i>Company 2020 £000</i> |
|--|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Trade debtors | 2,227 | <i>3,581</i> | 55 | - |
| Amounts owed by group undertakings | - | - | 30,313 | <i>24,878</i> |
| Amounts owed by joint ventures and associated undertakings | 8,241 | <i>6,394</i> | - | - |
| Other debtors | 1,174 | <i>484</i> | 39 | - |
| Prepayments and accrued income | 1,053 | <i>2,560</i> | 78 | <i>209</i> |
| | 12,695 | <i>13,019</i> | 30,485 | <i>25,087</i> |

Amounts owed to the company by group undertakings are interest bearing and repayable on demand.

Network Space Capital holds a 50% stake in Interchange 26 LLP. At the year end the amounts owed to the company by the joint venture was £8,241,000. On 8 July 2021, the joint venture repaid the sum of £6,406,500.

20. Cash and cash equivalents

| | Group 2021 £000 | <i>Group 2020 £000</i> | Company 2021 £000 | <i>Company 2020 £000</i> |
|--------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Cash at bank and in hand | 5,501 | <i>3,543</i> | 1,050 | <i>1,396</i> |

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

21. Creditors: Amounts falling due within one year

| | Group 2021 £000 | <i>Group 2020 £000</i> | Company 2021 £000 | <i>Company 2020 £000</i> |
|------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Trade creditors | 1,153 | 1,712 | 18 | 21 |
| Amounts owed to group undertakings | 1,524 | 242 | 6,723 | 209 |
| Corporation tax | 226 | 581 | 64 | 50 |
| Other taxation and social security | 196 | 476 | 196 | 297 |
| Deposits | 591 | 629 | - | - |
| Other creditors | 1,020 | 1,311 | 18 | 16 |
| Accruals and deferred income | 7,321 | 10,107 | 161 | 213 |
| Rents in advance | 610 | 904 | - | - |
| | <u>12,641</u> | <u>15,962</u> | <u>7,180</u> | <u>806</u> |

The amounts owed to group undertakings falling due within one year are repayable on demand and interest is charged at a commercial rate.

22. Creditors: Amounts falling due after more than one year

| | Group 2021 £000 | <i>Group 2020 £000</i> |
|------------|--------------------------------|--------------------------------|
| Bank loans | <u>24,800</u> | <u>21,000</u> |

Details regarding the bank loans included in the table above can be found in note 23, interest bearing loans and borrowings.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

23. Loans

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings, measured at amortised cost.

| | Group 2021 £000 | <i>Group 2020 £000</i> |
|--------------------------------------|--------------------------------|--------------------------------|
| Amounts falling due 1-2 years | | |
| Bank loans | 24,800 | - |
| Amounts falling due 2-5 years | | |
| Bank loans | - | 21,000 |
| | <u>24,800</u> | <u>21,000</u> |

The group operates under a banking facility totalling £35m which was approved on 11 December 2019 and runs until 11 December 2022 at which point the total loan is due for repayment. Interest rates are charged on both fixed and variable rates.

The bank loans are secured by fixed and floating charges on certain investment properties of the group.

24. Deferred taxation

Group

| | 2021 £000 | <i>2020 £000</i> |
|---------------------------|-----------------------|----------------------|
| At beginning of year | (3,459) | (2,725) |
| Charged to profit or loss | (1,844) | (734) |
| At end of year | <u>(5,303)</u> | <u>(3,459)</u> |

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

24. Deferred taxation (continued)

Company

| | 2021 | 2020 |
|----------------------------|-------------|-------------|
| | £000 | £000 |
| At beginning of year | (7) | 16 |
| Credited to profit or loss | 3 | (23) |
| At end of year | (4) | (7) |

The provision for deferred taxation is made up as follows:

| | Group | Group | Company | Company |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £000 | £000 | £000 | £000 |
| Accelerated capital allowances | 325 | (1,170) | (7) | (10) |
| Tax losses carried forward | - | 3 | - | 3 |
| Capital gains/losses | (5,754) | (2,292) | - | - |
| Short-term timing differences | 126 | - | 3 | - |
| | (5,303) | (3,459) | (4) | (7) |

25. Share capital

| | 2021 | 2020 |
|--|-------------|-------------|
| | £000 | £000 |
| Allotted, called up and fully paid | | |
| 47,000 (2020: 47,000) Ordinary shares of £1 each | 47 | 47 |

Ordinary shares

Each holder of an Ordinary Share is entitled to receive notice of, and to attend and speak at, any general meeting of the company. Any such holder shall, on a show of hands have one vote, and on a poll have one vote, for each Ordinary Share that they hold.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

26. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaluation reserve

Includes all historic revaluation gains recognised on investment properties net of deferred tax.

Capital redemption reserve

A non-distributable reserve which includes amounts transferred following the purchase of the company's own shares.

Profit and loss account

Includes all current and prior period retained profits and losses.

27. Share based payments

On 12 December 2019 the group issued 2 shares to management, 1 share at nominal value and 1 share at a rate which is considered to be less than market value. Under the articles the return due to management is based on a ratchet mechanism over 5 years of employment.

Management have determined that the transaction represents an equity settled share based payment and have performed a valuation at the grant date which is to be recognised over a 5 year vesting period in line with the ratchet mechanism. The total charge to the profit and loss for the period was £217k (2020: £Nil).

28. Pension commitments

The pension cost charge for the year represents contributions payable by the group to the scheme and amounts to £82,000 (2020: £85,467). There were no outstanding amounts or prepayments at the year end.

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

29. Commitments under operating leases

At 30 June 2021 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group 2021 £000 | <i>Group 2020 £000</i> |
|----------------------------|--------------------------------|--------------------------------|
| Within 1 year | 284 | 283 |
| Between two and five years | 1,134 | 1,134 |
| After five years | 10,575 | 10,859 |
| | 11,993 | 12,276 |

Company

At 30 June 2021 and 30 June 2020 the company had no annual commitments under non-cancellable operating leases.

30. Receipts under operating leases

At 30 June 2021 the group had future minimum lease receipts under non-cancellable operating leases as follows:

| | Group 2021 £000 | <i>Group 2020 £000</i> |
|--|--------------------------------|--------------------------------|
| Not later than 1 year | 3,788 | 4,244 |
| Later than 1 year and not later than 5 years | 7,472 | 11,652 |
| Later than 5 years | 4,107 | 16,414 |
| | 15,367 | 32,310 |

Company

At as 30 June 2021 and 30 June 2020 the company had no annual receipts under non-cancellable operating leases.

31. Related party transactions

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £1,540,666 (2020: £1,519,000).

NETWORK SPACE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

32. Controlling party

The immediate and ultimate parent company is Datum Edge Limited, which is controlled by Mr. R Ainscough by virtue of his controlling interest.

The results of the group are consolidated into Datum Edge Limited as the largest entity into which they are consolidated. Those accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.